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BLS REPORTS ON EMPLOYEE BENEFITS IN MEDIUM AND LARGE PRIVATE ESTABLISHMENTS, 1995

Retirement plan participation by employees in medium and large private establishments (those with 100 workers or more) has remained fairly constant, but there has been a shift in the types of plans providing coverage, according to a 1995 survey conducted by the U.S. Department of Labor's Bureau of Labor Statistics. Data from the Employee Benefits Survey show that, in 1995, 80 percent of full-time employees in medium and large private establishments participated in one or more retirement income plans, up from the 78 percent reported in 1993. In 1995, 52 percent of all full-time workers participated in defined benefit plans, which use predetermined formulas to calculate retirement benefits, down from 56 percent in 1993. On the other hand, 55 percent of all full-time workers participated in defined contribution plans, which specify the employer's contribution but not the eventual benefit, up from 49 percent in 1993.

Starting in the mid-eighties, employers increasingly added 401(k) tax-deferred provisions to their defined contribution plans or established new plans with 401(k) provisions. In 1995, 54 percent of full-time workers were in plans with 401(k) provisions, double the 26 percent recorded in 1985.

Medical care coverage among full-time employees declined from 82 percent in 1993 to 77 percent in 1995. Fee-for-service plans, once the predominant way of providing medical care benefits, covered 37 percent of full-time employees participating in a medical care plan compared with one-half in 1993. Enrollment in alternative health care delivery plans, including health maintenance organizations (HMOs) and preferred provider organizations (PPOs), increased from 50 percent in 1993 to 63 percent in 1995.

The 1995 Employee Benefits Survey provides information on the incidence and characteristics of benefit plans for an estimated 40 million workers in private industry establishments of 100 or more workers. Of that total, 33 million were full-time and 7 million were part-time employees.

BENEFITS FOR FULL-TIME EMPLOYEES

In 1995, benefits often provided to full-time employees in medium and large private establishments included vacations and holidays, life insurance, medical care, and retirement benefits. (See table 1.) Far less prevalent were paid family leave, flexible workplace programs, and supplemental unemployment benefits. (See table 3.)

Defined Benefit Plans

Defined benefit plans covered 52 percent of all full-time employees in 1995. Participation in defined benefit plans has gradually declined from the 63 percent recorded in 1988.

Although 65 is the normal retirement age for current Social Security recipients, 52 percent of defined benefit plan participants could retire before age 65 and receive normal (unreduced) benefits. Almost all participants (96 percent) were in plans providing for early retirement with reduced benefits.

The majority (58 percent) of participants were in terminal earnings-based plans. These plans compute benefits as a percent of the last few or the highest years of earnings multiplied by years of service. For most participants in these plans, terminal earnings were defined as the average over a five-year period.

Defined Contribution Plans

In 1995, 55 percent of all full-time employees participated in one or more defined contribution plans with employer contributions, a figure that has steadily risen from the 45 percent reported in 1988. In a defined contribution plan, an account is established for each participant. Generally the employer, and often the employee as well, makes predetermined (or defined) contributions to the account. Benefits at retirement are not predetermined, but depend on contributed amounts and any investment earnings.

Savings and thrift plans were the most prevalent form of defined contribution plan, with 41 percent of full-time employees participating, up sharply from 29 percent in 1993. In these plans, employees contribute a predetermined portion of earnings, all or part of which the employer matches.

The proportion of employees participating in deferred profit sharing plans was 13 percent, the same as in 1993. Seven percent of full-time employees participated in money purchase pension plans, an insignificant difference from the 8 percent reported in 1993. In money purchase plans, employers typically contribute a fixed percentage of the employee's salary. In 1995, 5 percent of full-time employees participated in employee stock ownership plans, compared with 3 percent in 1993.

Defined contribution plans may have cash or deferred arrangements, commonly called 401(k) plans. These arrangements allow participants to choose between receiving currently taxable income or to defer taxation by placing pretax income in a retirement account. In 1995, 54 percent of full-time workers were in 401(k) plans, up from 43 percent in 1993. Most of these workers (83 percent) were in plans with an employer contribution. A savings and thrift plan was the vehicle most often used for 401(k) pretax savings, but for some employees it was a deferred profit sharing plan.

Medical Care Benefits

In 1995, 77 percent of full-time employees were covered by a medical care plan compared with 82 percent in 1993. Fee-for-service plans covered 37 percent of medical care participants, down from one-half in 1993, two-thirds in 1991, and three-quarters in 1988. (See table 2.) Under such plans, covered individuals receive medical care from the providers they choose. The plan reimburses either the provider or the individual for some or all of the cost of care received.

Preferred provider organizations (PPOs) covered 34 percent of full-time workers with medical care coverage, rising from 26 percent in 1993, 16 percent in 1991, and 7 percent in 1988. PPOs are fee-for service plans in the sense that the service provider receives no reimbursement unless a covered individual is treated. They differ from traditional fee-for-service plans in that benefits are more generous if covered individuals use a provider in a chosen network (preferred provider) than if they use a non-network provider. For example, a PPO might pay 90 percent of charges for hospital services when received from a preferred provider, but only 80 percent for the same services received outside the network.

In 1995, 27 percent of full-time employees with medical care coverage were enrolled in health maintenance organizations (HMOs) compared with 23 percent in 1993, 17 percent in 1991, and 19 percent in 1988. HMOs provide a fixed set of medical services for a prepaid fee. Coverage is often in full, but minimal copayments may be required for some services. Copayments of \$5 or \$10 for a doctor's office visit or for filling a drug prescription are typical.

Disability Benefits

Protection against loss of income due to illness or injury was available to many full-time workers in 1995. Paid sick leave and short-term disability plans provide short-term protection. Paid sick leave, available to 58 percent of all employees, provides a worker with a number of fully paid days per year to cover absences due to illness or injury. Short-term disability, available to 53 percent of all workers, provides partial salary replacement for a 6- to 12-month period. Long-term disability insurance, provided to 42 percent of all full-time employees, also replaces a portion of an employee's salary, but for a longer period than short-term disability plans. Long-term disability benefits are generally paid until the disability ends or until retirement.

Other Benefits

Among the other benefits studied, job-related educational assistance was the most frequently offered. (See table 3.) Although this benefit was available to 65 percent of all full-time workers in 1995, non-job-related educational assistance also was available to 18 percent of all full-time workers.

Two employer-subsidized health improvement benefits - employee assistance programs and wellness programs - were offered to 58 percent and 34 percent, respectively, of all full-time workers. Employee assistance programs generally provide counseling and referral services for acute conditions, such as alcohol and drug abuse and emotional and financial problems, that affect job performance. Wellness programs, which include physical fitness, smoking cessation, stress management, and weight loss seminars and programs, emphasize prevention of problems that can lead to poor health.

Few workers (less than 5 percent each) were eligible for supplemental unemployment benefits and flexible workplace programs.

BENEFITS FOR PART-TIME EMPLOYEES

The Employee Benefits Survey also collects information on the incidence of benefits provided to part-time employees. (See table 4.) Part-time workers are less likely to be offered benefits than are full-time workers.

Paid vacations and holidays are among the most prevalent benefits available to part-time workers. When these benefits are available, they are usually similar to those provided to full-time workers, but are prorated based on the part-time worker's schedule. In 1995, half of all part-time workers had paid vacations and 44 percent had paid holidays compared with 96 percent and 89 percent, respectively, of their full-time counterparts. Retirement benefits were provided to 37 percent of part-time workers and around one-fifth were provided life insurance, medical care, and paid sick leave benefits.

COMPARISONS WITH SMALL PRIVATE ESTABLISHMENTS

The incidence of benefits in medium and large private establishments in 1995 was generally higher than in small private establishments (those with fewer than 100 workers) surveyed in 1994. (See table 5.) For example, 80 percent of full-time employees in medium and large private establishments participated in one or more retirement income plans compared with 42 percent of full-time employees in small private establishments. Although the incidence of benefits was higher for full-time employees in medium and large private establishments, the differential was narrower for holidays and vacations.

TECHNICAL NOTE

Employee Benefits Survey (EBS) data are jointly collected with Employment Cost Index (ECI) data. The ECI, reported quarterly, measures changes in compensation costs, which include wages, salaries, and employer costs for employee benefits. ECI data are used to compute the costs per hour worked of compensation components which are published annually.

The establishment sample from which EBS and ECI data are collected is periodically updated. Prior to 1997, new establishments in selected industries were added to the sample each year while older establishments were removed. In addition, a group of newly opened establishments in all industries was included in the EBS sample to ensure representation of new businesses. (In 1997, a new, cross-industry sample replacement program was introduced.) Benchmark adjustments are applied to the data to estimate current employment in each industry. A detailed explanation of sampling and estimation procedures will be provided in the forthcoming bulletin - Employee Benefits in Medium and Large Private Establishments, 1995.

Benefits data are available for full-time and part-time employees. Benefits data are further classified by three broad occupational groups: professional, technical, and related employees; clerical and sales employees; and blue-collar and service employees. Definitions of these occupational groups are found in the tables at the end of this release.

AVAILABILITY OF EBS DATA

More detailed data from the 1995 survey will appear in Employee Benefits in Medium and Large Private Establishments, 1995, currently under preparation. The bulletin will be published this summer.

Benefits data for small private establishments (those employing fewer than 100 workers) are currently available in Employee Benefits in Small Private Establishments, 1994, Bulletin 2475, Bureau of Labor Statistics, 1996.

Benefits data for state and local government employees are currently available in Employee Benefits in State and Local Governments, 1994, Bulletin 2477, Bureau of Labor Statistics, 1996.

For combined 1993-94 data on benefits provided to all private industry and state and local government workers see Ann C. Foster, "Employee Benefits in the United States, 1993-94," Compensation and Working Conditions, Spring 1997, pp. 46-50.

The Employee Benefits Survey of Small Private Establishments was conducted again in 1996. A news release providing summary data is being planned for the fall of 1997. The Employee Benefits Survey of Medium and Large Private Establishments is underway again in 1997.

Table 1. Percent of full-time employees participating in selected employee benefit programs,¹ medium and large private establishments, 1995

Employee benefit program	All employees	Professional, technical, and related employees ²	Clerical and sales employees ³	Blue-collar and service employees ⁴
Paid time off				
Holidays	89	88	93	88
Vacations	96	97	99	94
Personal leave	22	24	34	15
Funeral leave	80	83	85	75
Jury duty leave	85	91	89	79
Military leave	44	59	45	35
Sick leave ⁵	58	74	78	39
Family leave	2	3	2	1
Unpaid time off				
Family leave	84	89	86	80
Insurance				
Short-term disability ⁵	53	48	52	57
Long-term disability insurance	42	60	53	26
Medical care	77	80	76	75
Dental care	57	66	57	51
Life Insurance	87	93	89	83
Retirement				
All retirement ⁶	80	87	85	73
Defined benefit	52	53	55	50
Defined contribution ⁷	55	67	64	45
Types of plans:				
Savings and thrift	41	50	47	32
Deferred profit sharing	13	14	15	10
Employee stock ownership	5	5	7	4
Money purchase pension	7	13	6	5
401(k) plans:				
With employer contribution	45	55	50	37
Without employer contribution	9	13	8	7

¹ Except for family leave, benefits paid for entirely by the employee were excluded from the tabulations.

² Includes professional, technical, executive, and administrative occupations.

³ Includes clerical, administrative support, and sales occupations.

⁴ Includes production, craft, repair, laborer, and service occupations.

⁵ The definitions for paid sick leave and short-term disability (previously, sickness and accident insurance) were changed for the 1995 survey. Paid sick leave now includes only plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

⁶ Includes defined benefit and defined contribution retirement plans. Some employees participated in both types of plans.

⁷ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

NOTE: Workers reported in family leave plans are eligible for these benefits, but may not participate. For all other benefits reported, workers participate in the plans.

Table 2. Medical care benefits: Percent of participants by fee arrangement, full-time employees, medium and large private establishments, 1993 and 1995

Type of fee arrangement	All employees	Professional, technical, and related employees	Clerical and sales employees	Blue-collar and service employees
1993				
Total	100	100	100	100
Fee-for-service	50	41	42	59
Health maintenance organization	23	28	27	18
Preferred provider organization	26	29	30	22
Exclusive provider organization ¹	1	2	1	1
1995				
Total	100	100	100	100
Fee-for-service	37	29	30	45
Health maintenance organization	27	33	32	21
Preferred provider organization	34	36	36	33
Exclusive provider organization ¹	1	1	2	1

¹ Plans having arrangements with specific providers to offer medical services at lower prices similar to PPOs. Medical care received from other providers is not paid for by the plan.

NOTE: Because of rounding, sums of individual items may not equal totals. Where applicable, dashes indicate no employees in this category.

**Table 3. Other benefits: Eligibility for specified benefits, full-time employees, medium and large private establishments 1995
(In percent)**

Employee benefit program	All employees	Professional, technical, and related employees ¹	Clerical and sales employees ²	Blue-collar and service employees ³
Income continuation plans				
Severance pay	35	47	43	24
Supplemental unemployment benefits	4	1	1	6
Family benefits				
Employer assistance for child care	8	15	7	3
Employer provided funds	4	7	4	2
On-site child care	3	8	2	1
Off-site child care	1	2	1	(⁴)
Adoption assistance	11	18	12	6
Long-term care insurance	6	8	9	4
Flexible workplace	2	5	2	1
Health promotion programs				
Wellness programs	34	47	32	27
Employee assistance programs	58	72	60	49
Fitness center	19	31	16	13
Miscellaneous benefits				
Job-related travel accident insurance ...	41	58	47	28
Nonproduction bonuses	39	40	37	38
Subsidized commuting	5	8	5	3
Educational assistance:				
Job-related	65	79	65	56
Non-job-related	18	25	17	15
Section 125 cafeteria benefits ⁵	55	77	66	37
Flexible benefit plans	12	20	15	7
Reimbursement plans	38	53	46	25
Premium conversion plans	5	4	5	5

¹ Includes professional, technical, executive, and administrative occupations.

² Includes clerical, administrative support, and sales occupations.

³ Includes production, craft, repair, laborer, and service occupations.

⁴ Less than 0.5 percent.

⁵ Includes all types of plans under Internal Revenue Service Code Section 125. Flexible benefits plans may include reimbursement account features.

NOTE: Because of rounding, sums of individual items may not equal totals.

Table 4. Percent of part-time¹ employees participating in selected employee benefit programs,² medium and large private establishments, 1995

Employee benefit program	All employees	Professional, technical, and related employees ³	Clerical and sales employees ⁴	Blue-collar and service employees ⁵
Paid time off				
Holidays	44	26	54	40
Vacations	50	47	50	50
Personal leave	13	5	22	8
Funeral leave	37	41	44	30
Jury duty leave	42	50	40	41
Military leave	14	16	16	11
Sick leave ⁶	19	25	21	14
Family leave	(⁷)	(⁷)	1	(⁷)
Unpaid time off				
Family leave	42	42	44	39
Insurance				
Short-term disability ⁶	16	11	14	19
Long-term disability insurance	7	16	10	1
Medical care	19	31	20	15
Dental care	13	24	12	10
Life Insurance	20	33	21	15
Retirement				
All retirement ⁸	37	53	45	23
Defined benefit	22	24	28	15
Defined contribution ⁹	24	33	32	13
Types of plans:				
Savings and thrift	15	20	23	6
Deferred profit sharing	6	1	9	5
Employee stock ownership	(⁷)	(⁷)	(⁷)	(⁷)
Money purchase pension	4	13	3	3
401(k) plans:				
With employer contribution	17	22	27	7
Without employer contribution	5	10	4	3

¹ Employees are classified as part time in accordance with practices of surveyed establishments.

² Except for family leave and reimbursement accounts, benefits paid for entirely by the employee were excluded from the tabulations.

³ Includes professional, technical, executive, and administrative occupations.

⁴ Includes clerical, administrative support, and sales occupations.

⁵ Includes production, craft, repair, laborer, and service occupations.

⁶ The definitions for paid sick leave and short-term disability (previously, sickness and accident insurance) were changed for the 1995 survey. Paid sick leave now includes only plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

⁷ Less than 0.5 percent.

⁸ Includes defined benefit and defined contribution retirement plans. Some employees participated in both types of plans.

⁹ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

NOTE: Workers reported in family leave plans are eligible for these benefits, but may not participate. For all other benefits reported, workers participate in the plans. Where applicable, dashes indicate no employees in this category.

Table 5. Percent of full-time employees participating in selected employee benefit programs,¹ medium and large private establishments, 1995, and small private establishments, 1994

Employee benefit program	Medium and large private establishments, 1995	Small private establishments, 1994
Paid time off		
Holidays	89	82
Vacations	96	88
Personal leave	22	13
Funeral leave	80	50
Jury duty leave	85	58
Military leave	44	17
Sick leave ²	58	50
Family leave	2	2
Unpaid time off		
Family leave	84	47
Insurance		
Short-term disability ²	53	—
Long-term disability insurance	42	20
Medical care	77	66
Dental care	57	28
Life Insurance	87	61
Retirement		
All retirement ³	80	42
Defined benefit	52	15
Defined contribution ⁴	55	34
Types of plans:		
Savings and thrift	41	17
Deferred profit sharing	13	13
Employee stock ownership	5	1
Money purchase pension	7	5
401(k) plans:		
With employer contribution	45	20
Without employer contribution	9	3

¹ Except for family leave, benefits paid for entirely by the employee were excluded from the tabulations.

² The definitions for paid sick leave and short-term disability (previously, sickness and accident insurance) were changed for the 1995 survey. Paid sick leave now includes only plans that either specify a maximum number of days per year or unlimited days. Short-term disability now includes all insured, self-insured, and state-mandated plans available on a per disability basis as well as the unfunded per disability plans previously reported as sick leave. Sickness and accident insurance, reported in years prior to this survey, only included insured, self-insured, and state-mandated plans providing per disability benefits at less than full pay.

³ Includes defined benefit and defined contribution retirement plans. Some employees participated in both types of plans.

⁴ The total is less than the sum of the individual items because some employees participated in more than one type of plan.

NOTE: Workers reported in family leave plans are eligible for these benefits, but may not participate. For all other benefits reported, workers participate in the plans. Where applicable, dash indicates no employees in this category or data not available.